

**FRANCHISE TAX BOARD
MINUTES
MARCH 29, 2005**

The Franchise Tax Board met in open session at 2:00 p.m. at the State Board of Equalization, 450 N Street, Hearing Room 121, Sacramento, California. Present were Hon. Steve Westly, Hon. John Chiang, and Hon. Tom Campbell.

Franchise Tax Board

Staff Participating:

Gerald H. Goldberg, John W. Davies, Donald L. Buxton, Brian Putler, Anne Miller, David Maxwell-Jolly, Cathy Cleek, John Su, Carol Williams, Ben Miller, and Claudette Romo.

Others Participating:

Erika Frank, California Chamber of Commerce; Richard E. V. Harris, Attorney-at-Law; Chris Micheli, California Strategies; Lenny Goldberg, California Tax Reform Associates; Gina Rodriguez, Spidell Publishing; Jeffrey Vesely, Pillsbury, Winthrop, LLP; Barry Weissman, PricewaterhouseCoopers LLP; Teresa Casazza, California Taxpayers Association; Christine Hansen, Judicial Council of California; and Katherine Hatch, American Electronics Association.

Item 1. – Approval of Board Minutes

The minutes of the February 9, 2005, Franchise Tax Board meeting were unanimously approved (3-0).

Item 2. – Legislative Matters

a. Bills for Position

The Board voted 2-0 (Mr. Campbell abstaining) to support the following bills:

AB 18, AB 164, and AB 168

The Board voted 2-0 (Mr. Campbell abstaining) to oppose the following bill:

AB 249

b. Amnesty clean-up legislation

Proposals 1 and 2. A motion made by Mr. Campbell to instruct staff to draft regulations to implement an interpretation of “due and payable” so as to eliminate the amnesty penalty for taxpayers acting in good faith failed for lack of a second. The Board voted 2-0 (Mr. Campbell voting no) to approve Staff's recommendation to postpone action on these proposals and to bring them back at the next Board meeting for action.

Proposal 3. The Board unanimously approved (3-0) Option 2 of this proposal.

Proposal 4. A motion by Mr. Campbell to approve this proposal with a 10-year limitation period failed for lack of a second. The Board unanimously approved (3-0) this proposal with a 20-year statute.

Proposals 5, 6 and 7. The Board unanimously approved (3-0) each of these proposals.

The Board heard from the following members of the public concerning this Agenda Item:

Jeff Vesely, Pillsbury, Winthrop LLP
Richard E. V. Harris, Attorney-at-Law
Teresa Casazza, California Taxpayers Association
Chris Micheli, California Strategies
Gina Rodriguez, Spidell Publishing
Kathy Hatch, American Electronics Association
Erika Frank, California Chamber of Commerce

c. Legislation regarding governmental reorganization of tax functions

The Board received a staff report on legislation proposing various consolidations of tax functions, responsibilities, and agencies.

Item 3. – Federal Proposal for Business Activity Tax

The Board received a staff report on federal legislation regarding Business Activity Taxes, but took no action on this item.

The Board heard from the following members of the public regarding this Agenda Item:

Lenny Goldberg, California Tax Reform Associates
Teresa Casazza, California Taxpayers Association

Item 4. Tax Gap Symposium

The Board unanimously approved (3-0) FTB sponsorship of a tax gap symposium in Los Angeles on May 19, 2005.

Item 5. – Regulation Matters

Draft Proposed Regulation 25110 (Water's-Edge Election Group) – Symposium Report and Request for Permission to Proceed with Formal Regulatory Process.

The Board voted unanimously (3-0) to authorize staff to meet with members of the public on this regulation. If agreement can be reached with respect to draft language, staff was authorized to proceed with the formal regulatory process. If there is no agreement, staff was directed to bring the matter back to the Board at its next meeting.

The Board heard from the following members of the public regarding this Agenda Item:

Barry Weissman, PricewaterhouseCoopers LLP

Item 6. – Section 23101.5 Petition

Saudi Arabian Oil Company, et al.

The Board unanimously approved (3-0) this Petition.

The Board heard from the following members of the public regarding this Agenda Item:

Jeff Vesely, Pillsbury, Winthrop LLP

Item 7. – Filing Season Update

The Board received a staff report indicating a very busy filing season with no major problems.

Item 8. – Amnesty Project

The Board received a staff report concerning the implementation and execution of the Amnesty Project.

The Board heard from the following members of the public regarding this Agenda Item:

Richard E. V. Harris, Attorney-at-Law

Item 9. –Child Support

The Board received a staff report with respect to the progress of the automated statewide child support collection system and disbursement unit.

Item 10. – Administrative Matters

a. Finance letters

1. Phase III modular furniture – Board approval.
2. Transfer of Child Support Collection Program to DCSS – Board approval.
3. Court Ordered Debt Program Expansion – Board approval.

The Board voted 2-0 (Mr. Campbell abstaining) to approve all Finance letters.

The Board heard from the following person regarding this Item.

Christine Hansen, California Judicial Council

- b. Contracts Over \$1 Million – Scanner Replacement Project – Board approval.

The Board voted unanimously (3-0) to approve this contract.

Item 11. – Executive Officer’s Time

There was no discussion under this Agenda item.

Item 12. – Board Members’ Time

Mr. Campbell discussed the use of the word “older” in recent amnesty–related correspondence that had caused concern to some senior citizens.

Chair Westly announced the agenda for the Closed Session pursuant to Government Code section 11126.3.

The meeting was adjourned at 4:05 p.m.

Board Secretary

Date